



General Assembly

***Amendment***

***January Session, 2007***

**LCO No. 8415**

**\*SB0126008415SD0\***

Offered by:

SEN. WILLIAMS, 29<sup>th</sup> Dist.

SEN. MCDONALD, 27<sup>th</sup> Dist.

SEN. LOONEY, 11<sup>th</sup> Dist.

SEN. STILLMAN, 20<sup>th</sup> Dist.

SEN. GAFFEY, 13<sup>th</sup> Dist.

SEN. FINCH, 22<sup>nd</sup> Dist.

SEN. HANDLEY, 4<sup>th</sup> Dist.

To: Subst. Senate Bill No. **1260**

File No. 183

Cal. No. 193

(As Amended)

***"AN ACT CONCERNING ALTERNATIVE FUELS AND FLEXIBLE  
FUELED VEHICLES."***

1 Strike everything after the enacting clause and substitute the  
2 following in lieu thereof:

3 "Section 1. (NEW) (*Effective July 1, 2007*) For the purposes of sections  
4 1 to 7, inclusive, of this act:

5 (1) "Biodiesel" means a fuel comprised of mono-alkyl esters of long  
6 chain fatty acids derived from vegetable oils or animal fats, designated  
7 B100, and meeting the requirements of designation D6751 of the  
8 American Society for Testing and Materials.

9 (2) "Qualified biodiesel producer" means a facility that produces  
10 biodiesel, is registered with the state of Connecticut, domiciled in

11 Connecticut and actively engaged in the production of biodiesel in  
12 Connecticut for commercial purposes.

13 (3) "Qualified biodiesel distributor" means a facility that stores and  
14 distributes biodiesel, that is registered with the state of Connecticut,  
15 domiciled in Connecticut and actively engaged in the storage and  
16 distribution of biodiesel in Connecticut for commercial purposes.

17 Sec. 2. (NEW) (*Effective July 1, 2007*) (a) There is established an  
18 account to be known as the "Connecticut qualified biodiesel producer  
19 incentive account", which shall be a separate, nonlapsing account  
20 within the General Fund. The account shall contain any moneys  
21 required by law to be deposited in the account.

22 (b) The moneys in said account shall be expended by the  
23 Department of Economic and Community Development for the  
24 purpose of administration of the program and providing grants to  
25 qualified biodiesel producers and qualified biodiesel distributors  
26 pursuant to sections 3 to 7, inclusive, of this act. For the purposes of  
27 implementing this grant, the Commissioner of Economic and  
28 Community Development may enter into an agreement, in accordance  
29 with the provisions of chapter 55a of the general statutes, with a  
30 person, firm, corporation or other entity.

31 Sec. 3. (NEW) (*Effective July 1, 2007*) (a) A qualified biodiesel  
32 producer shall be eligible for not more than sixty monthly grants from  
33 the account. The Department of Economic and Community  
34 Development, in consultation with the person, firm, corporation or  
35 entity selected to implement the grant pursuant to subsection (b) of  
36 section 2 of this act, if applicable, shall determine monthly grant  
37 amounts by calculating the estimated gallons of biodiesel produced  
38 during the preceding month, as certified by the Commissioner of  
39 Economic and Community Development, or a designee, and applying  
40 such figure to the per gallon incentive credit established in subsection  
41 (b) of this section.

42 (b) Each qualified biodiesel producer shall be eligible for a total

43 grant in any fiscal year equal to the following amounts: (1) For the first  
44 five million gallons of biodiesel produced, thirty cents per gallon; (2)  
45 for the second five million gallons of biodiesel produced, twenty cents  
46 per gallon; and (3) for the third five million gallons of biodiesel  
47 produced, ten cents per gallon.

48 (c) Biodiesel produced by a qualified biodiesel producer in excess of  
49 fifteen million gallons shall not be eligible for a grant pursuant to this  
50 section.

51 Sec. 4. (NEW) (*Effective July 1, 2007*) To receive a grant pursuant to  
52 section 3 of this act, a qualified biodiesel producer shall file an  
53 application for such funds not later than fifteen days after the last day  
54 of the month for which the grant is sought. The application shall  
55 include, but not be limited to: (1) The location of the qualified biodiesel  
56 producer; (2) the number of Connecticut citizens employed by the  
57 biodiesel producer in the preceding month; (3) the number of gallons  
58 of biodiesel produced during the month for which the grant is sought;  
59 (4) a copy of the qualified biodiesel producer's Connecticut  
60 registration; (5) any other information deemed necessary by the  
61 Commissioner of Economic and Community Development to ensure  
62 that such grants shall be made only to qualified biodiesel producers;  
63 and (6) satisfactory documentation that the biodiesel has a net carbon  
64 energy benefit when compared to the fuel it will replace.

65 Sec. 5. (NEW) (*Effective July 1, 2007*) A qualified biodiesel producer  
66 shall be eligible for a one-time grant pursuant to section 2 of this act to  
67 assist with purchasing equipment or constructing, modifying or  
68 retrofitting production facilities. Such grant shall not exceed (1) three  
69 million dollars, and (2) twenty-five per cent of the equipment or  
70 construction cost regardless of the number of facilities owned by said  
71 qualified biodiesel producer.

72 Sec. 6. (NEW) (*Effective July 1, 2007*) A qualified biodiesel distributor  
73 shall be eligible for a grant pursuant to section 2 of this act for  
74 purposes other than to assist with purchasing equipment or

75 constructing, modifying or retrofitting facilities, including, but not  
76 limited to, the actual costs of creating storage and distribution capacity  
77 for biodiesel during the month. Such grants shall not exceed fifty  
78 thousand dollars for any one distributor at any one site. The  
79 Department of Economic and Community Development, in  
80 consultation with the person, firm, corporation or entity selected to  
81 implement the grant pursuant to subsection (b) of section 2 of this act,  
82 if applicable, shall create an application process and guidelines for the  
83 administration of this grant provision.

84 Sec. 7. (NEW) (*Effective July 1, 2007*) The Department of Economic  
85 and Community Development, in consultation with the person, firm,  
86 corporation or entity selected to implement the grant pursuant to  
87 subsection (b) of section 2 of this act, if applicable, shall create  
88 guidelines necessary for the administration of the provisions of this  
89 section on the progress of the grant programs administered pursuant  
90 to sections 2 to 7, inclusive, of this act. The Department of Economic  
91 and Community Development, in consultation with such person, firm,  
92 corporation or entity, if applicable, shall submit an annual report, in  
93 accordance with the provisions of section 11-4a of the general statutes,  
94 to the joint standing committees of the General Assembly having  
95 cognizance of matters relating to energy and technology, commerce  
96 and the environment.

97 Sec. 8. Section 22-26l of the general statutes is repealed and the  
98 following is substituted in lieu thereof (*Effective July 1, 2007*):

99 (a) The Department of Agriculture shall establish and administer a  
100 Connecticut Farm Link program to establish a database of farmers and  
101 agricultural land owners who intend to sell their farm operations or  
102 agricultural land. The database shall be maintained by the Department  
103 of Agriculture and shall be made available to the public on the  
104 department's web site. Persons interested in starting an agricultural  
105 business or persons interested in expanding a current agricultural  
106 business may notify the department and have their names, contact  
107 information and intentions regarding such businesses placed on the

108 web site. The department shall make reasonable efforts to facilitate  
109 contact between parties with similar interests, including, but not  
110 limited to, growing and processing crops as feedstock for biodiesel  
111 heating and transportation fuels.

112 (b) The Department of Agriculture shall post educational materials  
113 regarding the Connecticut Farm Link program on the department's  
114 web site, including, but not limited to, information regarding farm  
115 transfer and farm succession planning, family farm estate planning,  
116 farm transfer strategies, farm leasing, formation of farm partnerships,  
117 growing and processing crops as feedstock for biodiesel heating and  
118 transportation fuels and information regarding starting a farm  
119 business.

120 Sec. 9. (NEW) (*Effective July 1, 2007*) (a) There is established a biofuel  
121 crops grant program, which shall be administered by the Department  
122 of Agriculture. Matching grants shall be made to farmers, agricultural  
123 not-for-profit organizations and agricultural cooperatives for the  
124 cultivation and production of crops used to generate biofuels.

125 (b) The Commissioner of Agriculture shall adopt regulations, in  
126 accordance with the provisions of chapter 54 of the general statutes, for  
127 the administration of the program established by this section.

128 Sec. 10. (NEW) (*Effective October 1, 2007*) (a) The Institute for  
129 Sustainable Energy shall (1) compile and distribute educational  
130 materials regarding biodiesel to municipalities, local boards of  
131 education and private commercial entities to educate future  
132 consumers, and (2) establish and administer a Connecticut biodiesel  
133 link program to establish a database of schools, restaurants,  
134 institutional cafeterias and other institutions and businesses in the  
135 state that produce waste vegetable oil or other comparable food  
136 product suitable for conversion to biodiesel. The database shall be  
137 maintained by the Institute for Sustainable Energy and shall be made  
138 available to the public on said institute's Internet web site. Businesses  
139 interested in selling their waste vegetable oil or other comparable food

140 product to producers of biodiesel heating and motor vehicle fuel may  
141 notify the Institute for Sustainable Energy and have their names,  
142 contact information and intentions regarding such businesses placed  
143 on said web site. The Institute for Sustainable Energy shall make  
144 reasonable efforts to facilitate contact between parties with similar  
145 interests.

146 (b) The Institute for Sustainable Energy shall post educational  
147 materials regarding the Connecticut biofuel link program on said  
148 institute's Internet web site, and such information shall be posted as a  
149 link on the Internet web sites of the Department of Economic and  
150 Community Development, the Department of Agriculture, The  
151 Connecticut Agricultural Experiment Station, The University of  
152 Connecticut Biofuel Consortium and The University of Connecticut  
153 Cooperative Extension System, including, but not limited to,  
154 information regarding the starting of a waste vegetable oil business  
155 and strategies for conducting such business.

156 Sec. 11. (NEW) (*Effective July 1, 2007*) (a) There is established a grant  
157 program for service stations, that shall be administered by the  
158 Department of Economic and Community Development to reduce or  
159 eliminate the upfront costs of installing new alternative fuel pumps or  
160 converting gas or diesel pumps to dispense alternative fuels. For the  
161 purposes of implementing this program, the Commissioner of  
162 Economic and Community Development may enter into an agreement,  
163 in accordance with the provisions of chapter 55a of the general  
164 statutes, with a person, firm, corporation or other entity.

165 (b) The Commissioner of Economic and Community Development  
166 may adopt regulations, in accordance with the provisions of chapter 54  
167 of the general statutes, for the administration of the program  
168 established by this section.

169 Sec. 12. Subdivision (2) of subsection (b) of section 12-587 of the  
170 general statutes is repealed and the following is substituted in lieu  
171 thereof (*Effective July 1, 2007*):

172 (2) Gross earnings derived from the first sale of the following  
173 petroleum products within this state shall be exempt from tax: (A) Any  
174 petroleum products sold for exportation from this state for sale or use  
175 outside this state; (B) the product designated by the American Society  
176 for Testing and Materials as "Specification for Heating Oil D396-69",  
177 commonly known as number 2 heating oil, to be used exclusively for  
178 heating purposes or to be used in a commercial fishing vessel, which  
179 vessel qualifies for an exemption pursuant to section 12-412; (C)  
180 kerosene, commonly known as number 1 oil, to be used exclusively for  
181 heating purposes, provided delivery is of both number 1 and number 2  
182 oil, and via a truck with a metered delivery ticket to a residential  
183 dwelling or to a centrally metered system serving a group of  
184 residential dwellings; (D) the product identified as propane gas, to be  
185 used exclusively for heating purposes; (E) bunker fuel oil, intermediate  
186 fuel, marine diesel oil and marine gas oil to be used in any vessel  
187 having a displacement exceeding four thousand dead weight tons; (F)  
188 for any first sale occurring prior to July 1, 2008, propane gas to be used  
189 as a fuel for a motor vehicle; (G) for any first sale occurring on or after  
190 July 1, 2002, grade number 6 fuel oil, as defined in regulations adopted  
191 pursuant to section 16a-22c, to be used exclusively by a company  
192 which, in accordance with census data contained in the Standard  
193 Industrial Classification Manual, United States Office of Management  
194 and Budget, 1987 edition, is included in code classifications 2000 to  
195 3999, inclusive, or in Sector 31, 32 or 33 in the North American  
196 Industrial Classification System United States Manual, United States  
197 Office of Management and Budget, 1997 edition; (H) for any first sale  
198 occurring on or after July 1, 2002, number 2 heating oil to be used  
199 exclusively in a vessel primarily engaged in interstate commerce,  
200 which vessel qualifies for an exemption under section 12-412; (I) for  
201 any first sale occurring on or after July 1, 2000, paraffin or  
202 microcrystalline waxes; (J) for any first sale occurring prior to July 1,  
203 2008, petroleum products to be used as a fuel for a fuel cell, as defined  
204 in subdivision (113) of section 12-412; [or] (K) a commercial heating oil  
205 blend containing not less than [ten] five per cent of alternative fuels  
206 derived from agricultural produce, food waste, waste vegetable oil or

207 municipal solid waste, including, but not limited to, biodiesel or low  
208 sulfur dyed diesel fuel; (L) for any first sale occurring on or after July 1,  
209 2009, biofuels or biodiesel that meet the specifications of the American  
210 Society of Testing and Materials designation D396, D975 or D6751  
211 containing a blend of not less than five per cent renewable content; or  
212 (M) for any first sale occurring on or after July 1, 2009, additives of any  
213 derivation added to heating oil that is used exclusively for heating  
214 purposes to maintain the stability or operational performance of  
215 petroleum products.

216 Sec. 13. (NEW) (*Effective July 1, 2007*) The Commissioner of  
217 Administrative Services, in consultation with the Office of Policy and  
218 Management, shall establish a program designed to encourage the use  
219 in state buildings and facilities of biodiesel blended heating fuel mixed  
220 from not more than ninety per cent ultra low sulfur number 2 heating  
221 oil and not less than ten per cent of biodiesel. On or before January 1,  
222 2008, the commissioner shall prepare a plan for implementation of  
223 such program which shall include, but not be limited to, (1)  
224 identification of state buildings and facilities suitable for biodiesel  
225 blended heating fuel, (2) evaluation of energy efficiency and reliability  
226 of biodiesel blended heating fuel in such buildings and facilities, and  
227 (3) the availability and feasibility of exclusively using such fuels or fuel  
228 products, including agricultural products or waste yellow grease,  
229 produced in Connecticut.

230 Sec. 14. (NEW) (*Effective July 1, 2007*) (a) Notwithstanding section  
231 10-266m of the general statutes, on and before July 1, 2008, and until  
232 June 30, 2010, the Commissioner of Education shall, within available  
233 appropriations, award grants annually to municipalities and to local  
234 and regional boards of education to provide funds for the purchase of  
235 biodiesel fuel mixed from not less than five per cent B100 biofuel for  
236 school buses. On and after July 1, 2010, said grants shall be awarded  
237 for the purchase of biodiesel fuel mixed from not less than twenty per  
238 cent B100 biofuel.

239 (b) The commissioner shall adopt guidelines to set the standards for



240 the grant program established in subsection (a) of this section.

241 Sec. 15. (NEW) (*Effective July 1, 2007*) The Department of Economic  
242 and Community Development shall administer a fuel diversification  
243 grant program to provide funding to Connecticut institutions of higher  
244 education or Connecticut institutions of agricultural research for  
245 purposes which may include, but are not limited to (1) research to  
246 promote biofuel production from agricultural products, algae and  
247 waste grease, and (2) biofuel quality testing. Said department may  
248 enter into an agreement, in accordance with the provisions of chapter  
249 55a of the general statutes, with a person, firm, corporation or other  
250 entity to administer such program. The Department of Economic and  
251 Community Development, in consultation with such person, firm,  
252 corporation or entity, if applicable, shall create guidelines necessary for  
253 the administration of the provisions of this section. If the Department  
254 of Economic and Community Development selects such a person, firm,  
255 corporation or other entity to administer the program, not later than  
256 January 1, 2008, and annually thereafter, such person, firm,  
257 corporation or other entity shall submit a report to the Commissioner  
258 of Economic and Community Development regarding the status of  
259 such program.

260 Sec. 16. Subsection (a) of section 16-245n of the general statutes is  
261 repealed and the following is substituted in lieu thereof (*Effective*  
262 *October 1, 2007*):

263 (a) For purposes of this section, "renewable energy" means solar  
264 energy, wind, ocean thermal energy, wave or tidal energy, fuel cells,  
265 landfill gas, hydrogen production and hydrogen conversion  
266 technologies, low emission advanced biomass conversion technologies,  
267 biodiesel, usable electricity from combined heat and power systems  
268 with waste heat recovery systems, thermal storage systems and other  
269 energy resources and emerging technologies which have significant  
270 potential for commercialization and which do not involve the  
271 combustion of coal, petroleum or petroleum products, municipal solid  
272 waste or nuclear fission."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2007</i>	New section
Sec. 2	<i>July 1, 2007</i>	New section
Sec. 3	<i>July 1, 2007</i>	New section
Sec. 4	<i>July 1, 2007</i>	New section
Sec. 5	<i>July 1, 2007</i>	New section
Sec. 6	<i>July 1, 2007</i>	New section
Sec. 7	<i>July 1, 2007</i>	New section
Sec. 8	<i>July 1, 2007</i>	22-26 <i>l</i>
Sec. 9	<i>July 1, 2007</i>	New section
Sec. 10	<i>October 1, 2007</i>	New section
Sec. 11	<i>July 1, 2007</i>	New section
Sec. 12	<i>July 1, 2007</i>	12-587(b)(2)
Sec. 13	<i>July 1, 2007</i>	New section
Sec. 14	<i>July 1, 2007</i>	New section
Sec. 15	<i>July 1, 2007</i>	New section
Sec. 16	<i>October 1, 2007</i>	16-245n(a)